

Message Text

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16

ACTION NEA-10

INFO OCT-01 AF-04 ARA-06 EUR-12 EA-06 ISO-00 AEC-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01

H-01 INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-01 FEA-01 PA-01 PRS-01 USIA-06 /114 W

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R 211008Z DEC 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1781

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMCONSUL DHAHRAN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MANAAMA

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L KUWAIT 5428

BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: ENRG KU

SUBJECT: ATEEQI COMMENTS ON CURRENT OIL ISSUES

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1. LOCAL PRESS REPORTED DECEMBER 19 REMARKS OF MINISTER FINANCE

AND OIL ATEEQI ON CERTAIN CURRENT OIL ISSUES. PRESS HIGHLIGHTED HIS STATEMENT THAT AT CURRENT PRODUCTION (APPROXIMATELY 2.5 MILLION BPD; 900 MILLION BARRELS PER YEAR) OIL RESERVES WILL LAST SEVENTY YEARS. HE DESCRIBED STATEMENTS THAT RESERVES WILL LAST ONLY TEN TO FIFTEEN YEARS AS BASELESS AND UNTRUE. FURTHERMORE, HE SAID SUCH RUMORS CAUSE ONLY FEAR AND CONFUSION ON SENSITIVE MATTERS.

2. ON QUESTION OF 100 PERCENT PARTICIPATION OF KOC AND WHETHER GOK INTENDED FOLLOW SAUDI AND UAE LEAD, ATEEQI SAID QUOTE WE SHOULD NOT ACT HASTILY BUT COOLY OBSERVE DEVELOPMENT OF EVENTS AND OUTCOME OF NEGOTIATIONS IN SISTER STATES. NOT LONG AGO WE STARTED IMPLEMENTING PARTICIPATION AGREEMENT SOUNDLY IN ACCORDANCE WITH OUR NATIONAL INTERESTS. UNQUOTE. FYI UNDER PRESENT TIMETABLE GOK SCHEDULED TAKEOVER 100 PERCENT OWNERSHIP OIL COMPANIES BY 1979. END FYI.

3. ATEEQI ALSO REVEALED THAT 1.7 MILLION BPD CRUDE WILL BE SOLD TO GULF AND BP DURING FIRST QUARTER 1975, WITH GULF TAKING 900,000 BPD AND BP 800,000 BPD. EFFECTIVE COST WILL BE ABOUT 10.15 PER BARREL. DURING LAST QUARTER 1974 GULF AND BP HAVE BEEN LIFTING 950,000 BPD AT \$9.44 PER BARREL. APPARENTLY BP'S DECISION TO REDUCE ITS LIFTINGS BASED ON THE REDUCTION OF SALES TO THIRD PARTIES, AND REMAINS TO BE SEEN WHETHER UNDER NEW PRICE STRUCTURE GOK WILL BE MORE SUCCESSFUL THAN HERETOFORE IN SELLING CRUDE DIRECTLY TO THIRD PARTIES.
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4. COMMENT: ATEEQI'S REMARKS TO PRESS SHOW THAT DESPITE PRESSURE PARTICULARLY FROM NATIONAL ASSEMBLY ON HIGHLY EMOTIONAL ISSUES OF OIL RESERVES AND GOK TAKEOVER OF KOC, GOK TRYING TO TAKE RELATIVELY CONSERVATIVE POSITION ON THE TWO ISSUES. HIS STATEMENTS CONFIRM THAT GOK NOT PARTICULARLY EAGER TO TAKE 100 PERCENT OWNERSHIP OF KOC NOW. MOREOVER, ATEEQI STATEMENT TAKEN TOGETHER WITH OTHER EVIDENCE SUGGESTS GOK CURRENTLY REVIEWING LONG RANGE CRUDE PRODUCTION POLICY. WE HOPE GAIN ADDITIONAL INFO ON CURRENT GOK THINKING ON ISSUES NOTED ABOVE OVER NEXT FEW WEEKS AND TO SUBMIT OUR COMMENTS ON GOK RESERVES AND POSSIBLE PRODUCTION DEVELOPMENTS EARLY IN NEW YEAR.
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Disposition Date: 28 MAY 2004
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To: STATE
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